(घ) जी, हां, पर्यटन विभाग ने राजभाषा को बढ़ावा देने के लिए कई कदम उठाए हैं, यथा, पर्यटक साहित्य का हिंदी में प्रकाशन, हिंदी प्रतियोगिताओं का आयोजन, अलग से एक हिंदी सलाहकार समिति की स्थापना, आदि ।

Voluntary Disclosure of concealed income

120. SHRI RAOOF VALIULLAH : Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to do away with the system of probing into the nature and source of income disclosed by tax payers under the revised scheme of voluntary disclosure of concealed income, as stated by Shri M.S. Narayanan, Chairman, Central Board of Direct Taxes;

(b) whether appropriate instructions or circulars are being issued in this regard; if so, what are the details thereof; and

(c) whether Government propose to give the benefit of immunity from payment of penalty and prosecution for concealment of income of the current year and past years; if so, what procedure would be followed in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) The Government have assured that the assessees—both old and new—who want to come forward voluntarily to make full and true disclosure of their income can do so by filing estimates of advance tax based on true income for the current year by March 1986. It has also been clarified that such assessees would not be subjected to any roving enquiries nor would their earlier assessments be opened|reopened only on the basis of such estimates.

(b) Yes Sir. Central Board of Direct Taxes have issued circular Numbers 423 dated 26.6.1985, 432 dated 20.9.85, 440 dated 15.11.1985 and 441 dated 15.11.85 (*See below*).

(c) It has been declared that immunity from penalty and prosecution would be available till March 1986 to assessees who, before detection by the Department, come forward and declare their full and true income and pay tax thereon.

Circular No. 23

F. NO. 225|86|85-ITA. II
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

CENTRAL BOARD OF DIRECT TAXES

NEW DELHI, THE 26TH JUNE, 1985.

SUBJECT:—Effect of higher estimates of income for purposes of advance tax in financial year 1985-86 on assessments in relation to earlier years—Clarification regarding.

The Finance Act, 1985 has, with the objective of securing better tax compliance, rationalised the rates of personal income-tax. Fears have, however, been expressed that where a tax payer declares, for purposes of payment of advance tax during the current financial year, a substantially higher income than that assessed for any earlier year, the Income-tax Officer may suspect that income chargeable to tax for that year has been under assessed and, accordingly, re-open the assessment for that year. Fears have also been expressed that where the income declared for purposes of payment of advance tax during the current financial year is higher than the income declared in the return of income for an earlier year, the Income-Tax Officer may start roving inquiries against the taxpayer in the pending assessment proceedings for that year.

The circumstances in which an assessment can be re-opened under clause (a) or clause (b) of sub-section (1) of Section 147 of the Income Tax Act have been clearly enunciated in a number of decisions of various High Courts and the Supreme Court. Income-tax Officers have, therefore, to follow these principles in re-opening the assessments for past years. In terms of the principles enunciated in these decisions, the mere declaration, for purposes of payment of advance tax, of a much higher income than that assessed for any earlier year, will not constitute a valid ground for re-opening the assessment for any earlier year, or for starting roving inquiries against the taxpayer in any pending assessment proceeding.

3. Clarification has also been sought on the question whether a taxpayer, who is found to have concealed his income for any earlier year, can claim that such income should not be assessed in that year on the ground that he had included such income in the estimate of advance tax furnished by him for the financial year 1985-86. Such a claim is clearly untenable. Income which relates to a particular assessment year can be assessed only in that year. Hence a taxpayer will not be able to claim that any part of the higher income declared by him for purposes of payment of advance tax should be set off against the income found to have been concealed by him for any earlier year. In such cases, the advisable course for the taxpayer will be to, voluntarily and in good faith, make a full and true disclosure of his concealed income, prior to its detection by the Income-tax Officer, and then make an application to the Commissioner of Income-tax for the reduction or waiver of penalty and interest under section 273 A of the Income-tax Act.

Sd-|

(O. P. Srivastava)
Director

Central Board of Direct Taxes

Copy forwarded to :—

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10. Director of O & M Services (Income-tax). Aiwan-e-ghalib, Mata Sundri Lane, New Delhi.

11. Director National Academy of Direct Taxes, Post Box No. 40, Nagpur.

Sd|-

O.P. Srivastava)
Director

Central Board of Direct Taxes

Circular No. 432

F. NO. 225|86|85-ITA.II

MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

CENTRAL BOARD OF DIRECT TAXES

NEW DELHI, THE 20TH SEPT., 1985.

SUBJECT:—Filing of Return of Income—New Assessee—Declaration of substantial income in the initial assessment year—Effect thereof in earlier years—Clarification regarding.

The Finance Act, 1985 has, with the objective of securing better tax compliance, simplified the direct tax laws and rationalised the dates of personal income-tax. The Department is also accepting all

returns of income filed by non-corporate assessees upto Rs. one lakh. A public circular has been recently issued stating that simply because a taxpayer has filed a higher return of income in the current year or filed a higher estimate of income for the payment of advance tax his earlier assessments will not be reopened and no roving enquiries will be made. Apprehension has been expressed in some quarters that where a Person who has not so far been filing returns of income for tax purposes, whether due to ignorance or otherwise, now wants to come-forward and file a return showing his true income and pay tax he may lay himself open to various difficulties. There is said to be a fear that the Income-tax Officer may, in view of the declaration of substantial income for the first time, suspect that income chargeable to tax for earlier years has escaped assessment and start roving enquiries against the taxpayer.

The principles for the re-opening of assessment, as prescribed under section 147 of the Income-tax Act, have been clearly enunciated in a number of decisions of various High Courts and the Supreme Court. These principles apply as much to new assessees as to existing assessees. According to the principles, the mere declaration of substantial income for a particular year, even if it is done for the first time, cannot by itself constitute a valid ground for the opening or re-opening against the taxpayer. While it is true that the penal provisions of the law will be applied more strictly in the cases where a person having taxable income does not come-forward and file a return showing that income and pay tax thereon and is brought into the tax net only as a result of the efforts of the Department, the Department's approach will be very liberal and sympathetic in the cases of new assessees who come-forward themselves to show their true incomes in good faith and cooperate in any enquiry relating to the assessment of their income. Though the penal provisions of the law do apply in such cases, such as failure to comply with statutory obligations relating to filing of estimates and payment of advance tax, filing of returns in time etc. etc, instructions are being issued to all officers of the Department that they should adopt a liberal and sympathetic approach where the assessee has come-forward *suo moto* and cooperates with the Department. Assessees will do well to avail themselves of this opportunity and file returns of income without any fear. Even it is for the first time, they should do as early possible.

Sd|--

(M. S. Narayanan)

Chairman

Central Board of Direct Taxes

CHIEF COMMISSIONERS (ADMN.) & ALL Commissioners of Income-tax.

Copy forwarded to:—

1. P.S. Chairman, Member (Inv.), Member (L), Member (WT), Member (S&T), Member (R&A, Member |IT).

2. All Chambers of Commerce.

3. All Officers and Technical Sections of the C.B.D.T.

4. Director of Inspection (Investigation) IT and Audit|Vigilance|Intelligence| RS&P|Recovery|Special Inv.

5. Deputy Director of Inspection (P&PR), New Delhi.

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9. Joint Secretary and Legal Adviser, Ministry of Law, Shastri Bhavan, New Delhi.

10. Director of O & M Services (Income-tax), Aiwan-e-ghalib, Mata Sundri Lane, New Delhi.

11. Director, National Academy of Direct Taxes, Post Box No. 40 Nagpur.

Sd|--

(Grish Dave)

Under Secretary to the Government of

Circular No. 440.

F. No. 225|86|85-ITA.II

GOVERNMENT OF INDIA

CENTRAL BOARD OF DIRECT TAXES

DATED, NEW DELHI THE 15-11-85.

SUBJECT:—Effect of higher income estimates shown for A.Y. 1986-87 in relation to assessment for later years—Clarification regarding.

Keeping in view the rationalisation of the tax rates by the Finance Act, 1985 clarifications have already issued *vide* Circular No. 423 dated 26.6.1985 and No. 432 dated 15.11.85 that if higher incomes are estimated|shown for Assessment year 1986-87, it will not by itself lead to any roving enquiries against the assessee in respect of the past or pending assessments, whether he be an existing or a new assessee.

2. Apprehensions have been expressed in some quarters that if an assessee shows a high income for the current year in view of the rationalisation of the tax rates, the Income-tax Officer may authmaticlly assume in future years that he should have made similar high income in those years also. There is no basis for this apprehension. The assessment for each year is based only on the return of income for that year and the books of accounts of the assessee for the relevant accounting year. A departure from the returned income is made only where no books of accounts are maintained, or no regular method of accounting is employed by the assessee or the books of acounts are defective and the correct income cannot be ascertained from the scrutiny of the accounts. The mere fact that a higher income has been shown in an earlier year has never been a ground for the Income-tax Officer to enhance the assessment of a subsequent year. These apprehensions are, therefore, baseless and taxpayers would do well not to hold back their true income and come-forward with a true disclosure without such unfounded fears.

Sd|--

(M. S. Narayanan)

Chairman

Central Board of Direct Taxes

Copy to:—

1. All Chambers of Commerce.

2. All Commissioners of Income-tax with the request to bring the contents of the circular to the notice of all officers working in their charge.

3. D.G. (Inv.) |DG(Spl-Inv.)| Mayur Bhavan, New Delhi.

4. DI (RS&PR) |DI (Inv.) |Mayur Bhavan, New Delhi.

(ii) Ayak Bhavan, 101 Maharshi Karve Road, Bombay.

(iii) 121, Nungambakkam High Road, Madras|DI (P&P) DI (Spl. Inv)| DI (Int.)|DI (Survey|Vigilance) |DI(II)| DI(Audt.)|DOMS.

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6. Direct Regional Training Institutes, Bangalore|Bombay|Calcutta|Lucknow.

7. Controller Auditor General of India, New Delhi (50 copies).

8. Ministry of Law, Department of Legal Affairs, Shastri Bhavan, New Delhi.

9. P.Ss to Chairman and Member of CBDT.

10. All Officers and Technical Sections incbdt.

11. The Editor, ITR|Taxation|Taxman| The Tax Law Review.

Sd|--

(K. K. Tripathi)

Secretary

Central Board of Direct Taxes.

Circular No. 441

F. No. 225|86|85—ITA II

GOVERNMENT OF INDIA

CENTRAL BOARD OF DIRECT TAXES
DATED, NEW DELHI THE 15-11-85.

SUBJECT:—Effect of higher income estimates for 1986-87 in relation to other assessment—Clarification regarding.

It has been brought to the notice of the Board that despite the issue of Circular No. 423 dated 26.6.1985 and No. 432 dated 15-11-85 on the above subject fears continue to be expressed on behalf of some existing tax payers who may declare for the purpose of payment of Advance tax during the current financial year, a substantially higher income than that assessed for any earlier year and on behalf of some new taxpayers who may for the first time choose to declare their true income for the current year. The apprehension is that in their cases the ITOs may, in view of the declaration of sustantially high incomes in the current year, suspect that incomes chargeable to tax for earlier years have escaped assessment and start roving enquiries against such taxpayers by starting assessment proceeding for the past years.

2. It is reiterated that the circumstances in which assessment proceedings can be started for past years are contained in section 147 of the Income-tax Act. These provisions are now well settled and clearly understood and Income-tax Officers are expected to follow them. As per these provisions, each assessment year, being a separate unit, the mere declaration for the purpose of payment of Advance tax for the current year, of a substantially high income cannot be itself constitute a valid ground for starting assessment proceedings for the earlier years. Thus the question of starting any roving enquiries against such taxpayers does not arise.

3. While it is true that the penal provisions of law will hereafter be applied strictly in cases where a person having taxable income or wealth does not voluntarily come forward to declare the same and pay tax thereon and has, therefore, to be brought into the tax net only through efforts of the Department the Department's approach will be wholly different and necessarily liberal and sympathetic in the cases of those assessees who come forward voluntarily to make a full and true disclosure of their incomes and wealth. Instructions to this effect are being issued to all officers of the Department so as to ensure that the level of voluntarily compliance increases substantially and the assessees old as well as new, are enabled to avail themselves of this opportunity by voluntarily filing returns of income and wealth without fear of any penal cansequences such penalty or prosecution.

4. Assessees will therefore do well to avail themselves of this opportunity and file estaimates of Advance Tax based on true incomes for the current year as also disclose the consequential increased wealth without any fear.

5. Taxpayers will appreciate that such immunity from probing into the past and from penalty and prosecution cannot be extended permanently. It will be available only to such persons who come forward and show their true income and wealth and pay tax thereon by March, 1986.

Sd|--

(M. S. Narayanan)

Chairman

Central Board of Direct Taxes

Copy to:—

1. All Chambers of Commerce.

2. All Commissioners of Income-tax with the request to bring the contents of the circular to the notice of all officers working in their charge.

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5. National Academy of Direct Taxes, Nagpur.

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9. P. Ss. to Chairman and Members of CBDT.

10. All Officers and Technical Sections in CBDT.

11. The Editor, ITR|Taxation|Taxaman| The tax Law Review.

Sd|—

(K. K. Tripathi)
Secretary

Central Board of Direct Taxes

Compulsory retirement of corrupt|inefficient officers

121. SHRI RAOOF VALIULLAH : Will the Minister of FINANCE be pleased to state Whether Government have taken action against Senior Department Officers of the Customs and Central Excise, Incom-Tax and commercial banks who were found inefficient or corrupt, and if so, what is the number of such officers removed from service under rule 56 (j) during 1985, separtely?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): Yes Sir.

Action has been taken by the Government against senior officers of the Customs & Central Excise, Income Tax and Commercial Banks, who have been found inefficient or corrupt. The number of such officers retired under rule 56 (j) during the year 1985:—

(1) Customs and Central Excise Department—8 Officers

(2) Income Tax Department —5 Officers

(3) Commercial Banks — 87 Officers

Who were retired under regulation 19 of the Officers Service Regulations which is analogous to Rule 56(j).

Raids against tax evaders

122. SHRI RAOOF VALIULLAH: Will the Minister of FINANCE be pleased to state;

(a) what is the number of raids conducted by Government against tax evaders in 1985 and estimated tax-evasion unearthed as a result thereof; and

(b) what action Government have taken against the tax evaders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) During the calender year 1985, Income-tax Department conducted 6919 searches and seized, prima-facie, unexplained assets worth Rs. 4341 crores approximately. Necessary action under various provisions of Direct Taxes Acts has been initiated against all the persons searched.

Bank frauds

123. SHRI RAOOF VALIULLAH: Will the Minister of FINANCE be pleased to state:

(a) what is the number of bank frauds detected in 1985 and what was the amount involved in each case;

(b) what is the number of senior management executives involved in such frauds and what action was taken against them; and

(c) what preventive measures have been taken by the banks to avoid recurrence of such frauds?